



**STATE CORPORATION COMMISSION
BUREAU OF INSURANCE**

November 4, 1983

ADMINISTRATIVE LETTER 1983-10

TO: ALL COMPANIES AND RATE SERVICE ORGANIZATIONS LICENSED
FOR PROPERTY AND CASUALTY INSURANCE IN THE COMMONWEALTH
OF VIRGINIA

RE: Company/Rate Service Organization Filing Effective Date
Rules

Market Conduct examinations conducted by the Bureau of Insurance have revealed a severe problem as respects effective date rules used by companies both in their rule, rate, and form filings, and in filings made on their behalf, and the interpretation of such rules. Examinations of companies have shown that individual underwriters within a particular company interpret their company's effective date rule(s) differently. In addition ' it has been determined that some effective date rules are unfairly discriminatory to policyholders. For example, when a company makes a filing which indicates that the changes are applicable to "policies written" or "policies issued" on or after one date and to all "policies effective" on or after another date, this results in identical risks with the same policy effective date being charged different rates and/or receiving different coverages.

In order to clarify your intent and to prevent unfair discrimination among risks in Virginia, effective on filings received on or after December 1, 1983, the Bureau of Insurance will require that each filing contain an effective date rule based on policy effective date(s) only. This does not preclude the use of separate dates for policies effective on one date for new business and a different policy effective date for renewal business. You will be required to specifically include the words "policies effective so that there will be 'no misinterpretation in the future of your intent.

Sincerely,

James M. Thomson
Commissioner of Insurance

JMT/mle